

Senate File 505

S-3163

1 Amend Senate File 505 as follows:

2 1. Page 119, after line 25 by inserting:

3 <DIVISION _____
4 WELFARE FRAUD PREVENTION

5 Sec. _____. DEFINITIONS. For the purposes of this
6 division of this Act, unless the context otherwise
7 requires:

8 1. "Department" means the department of human
9 services.

10 2. "Identity information" means an applicant or
11 recipient's full name, aliases, date of birth, address,
12 social security number, and other related information.

13 Sec. _____. ESTABLISHMENT OF ENHANCED ELIGIBILITY
14 VERIFICATION SYSTEM.

15 1. The department shall establish a computerized
16 income, asset, and identity eligibility verification
17 system to verify eligibility, eliminate duplication of
18 assistance, and deter waste, fraud, and abuse within
19 each respective assistance program under the purview
20 of and administered by the department. The department
21 shall enter into a competitively bid contract with a
22 third-party vendor for the purposes of developing and
23 implementing such a system to verify the income, asset,
24 and identity information of applicants when determining
25 an applicant's eligibility for assistance prior to
26 the distribution of benefits, periodically between
27 eligibility redeterminations, and during eligibility
28 redeterminations and reviews as specified in this
29 section.

30 2. When the department enters into a contract with
31 a third-party vendor for the purposes of carrying out
32 this division of this Act, payment to the vendor for
33 such services shall be contingent upon the annualized
34 savings realized by implementation of the verification
35 system as specified in the contract exceeding the total
36 yearly cost to the state for implementation of the
37 verification system.

38 3. When the department enters into a contract with
39 a third-party vendor for the purposes of carrying out
40 this division of this Act, the payment structure shall
41 be based on a per-applicant rate and may include a
42 performance bonus for achieving above a predetermined
43 rate of success in identifying waste, fraud, and abuse.

44 4. To avoid any conflict of interest, when the
45 department enters into a contract with a third-party
46 vendor for the purposes of carrying out this division
47 of this Act, that primary vendor shall not currently
48 be and shall not be allowed in the future to bid on
49 a contract to be the state contractor to administer
50 enrollment services.

1 5. This division of this Act shall not be
2 interpreted to preclude the department from continuing
3 to conduct additional eligibility verification
4 processes not specified in this division of this Act,
5 that are not currently practiced.

6 6. Under the system implemented pursuant to this
7 division of this Act, all applications for benefits
8 shall be processed within a ten-day period or the
9 minimum period required by federal law.

10 7. Under the system implemented pursuant to this
11 division of this Act, prior to awarding or continuing
12 assistance, and on a quarterly basis thereafter, the
13 department shall verify identity information for each
14 respective applicant for and recipient of assistance
15 from the department against the following to the extent
16 such information or database is available:

17 a. Earned and unearned income information
18 maintained by the internal revenue service.

19 b. Employer weekly, monthly, or quarterly
20 reports of income and unemployment insurance payment
21 information maintained by the department of workforce
22 development.

23 c. Earned income information maintained by the
24 United States social security administration.

25 d. Immigration status information maintained by the
26 United States citizen and immigration services.

27 e. Death register information maintained by the
28 United States social security administration.

29 f. Prisoner information maintained by the United
30 States social security administration.

31 g. Public housing and section 8 housing assistance
32 payment information maintained by the United States
33 department of housing and urban development.

34 h. National fleeing felon information maintained by
35 the United States federal bureau of investigation.

36 i. Wage reporting and similar information
37 maintained by states contiguous to Iowa.

38 j. Beneficiary records and earnings information
39 maintained by the United States social security
40 administration in its beneficiary and earnings data
41 exchange database.

42 k. Earnings and pension information maintained by
43 the United States social security administration in its
44 beneficiary earnings exchange record system database.

45 l. Employment information maintained by the
46 department of workforce development.

47 m. Employment information maintained by the United
48 States department of health and human services in its
49 national directory of new hires database.

50 n. Supplemental security income information

1 maintained by the United States social security
2 administration in its supplemental security income
3 state data exchange database.

4 o. Veterans' benefits information maintained by the
5 United States department of health and human services
6 in the federal public assistance reporting information
7 system database.

8 p. Child care services information maintained by
9 the department.

10 q. Utility payments information maintained by the
11 state under the low-income home energy assistance
12 program.

13 r. Emergency utility payment information maintained
14 by state or local entities.

15 s. A database of all persons who currently hold a
16 license, permit, or certificate from any state agency,
17 the cost of which exceeds five hundred dollars.

18 t. Income and employment information maintained by
19 the child support recovery unit and the United States
20 department of health and human services office of child
21 support enforcement.

22 u. Earnings and pension information maintained by
23 the Iowa public employees' retirement system.

24 v. Any existing real-time database of persons
25 currently receiving benefits in other states, such as
26 the national accuracy clearinghouse.

27 w. A database which is substantially similar to or
28 a successor of a database described in this subsection.

29 8. Under the system implemented pursuant to this
30 division of this Act, prior to awarding or continuing
31 assistance and on a quarterly basis, the department
32 shall match identity information for each respective
33 applicant for and recipient of assistance from the
34 department against, at a minimum, all of the following
35 data sources, to the extent such data sources are
36 available:

37 a. A nationwide public records data source of
38 physical asset ownership such as real property,
39 automobiles, watercraft, aircraft, and luxury vehicles,
40 or any other vehicle owned by an applicant for or
41 recipient of assistance.

42 b. A nationwide public records data source of
43 incarcerated individuals.

44 c. A nationwide best-address and driver's license
45 data source to verify that an individual is a resident
46 of this state.

47 d. A comprehensive public records database that
48 identifies potential identity fraud or identity theft
49 that can closely associate name, social security
50 number, date of birth, telephone, and address

1 information.

2 e. National and local financial institutions, in
3 order to locate undisclosed depository accounts or to
4 verify account balances of disclosed accounts.

5 f. Outstanding default or arrest warrant
6 information maintained by the Iowa online warrants
7 and articles criminal justice information network
8 maintained by the department of public safety.

9 g. A data source or database which is substantially
10 similar to or a successor of a data source or database
11 described in this subsection.

12 9. As part of the verification process, prior to
13 awarding assistance, applicants for benefits shall
14 complete a computerized identity authentication process
15 that shall confirm the applicant owns the identity
16 presented in the application. The department shall
17 review the respective applicant's identity ownership
18 using the following procedures:

19 a. Provide a knowledge-based quiz consisting
20 of financial or personal questions. The quiz shall
21 attempt to accommodate nonbanked or under-banked
22 applicants who do not have an established credit
23 history.

24 b. Require the quiz for applications be available
25 to be submitted through a variety of approaches
26 including online, in-person, and via telephone.

27 10. If a discrepancy results between an applicant's
28 or recipient's identity information and information
29 available through one or more of the databases or
30 information tools specified in this section, the
31 department shall review the respective applicant's or
32 recipient's case using the following procedures:

33 a. If the information discovered does not result
34 in the department finding a discrepancy or change
35 in an applicant's or recipient's circumstances that
36 may affect eligibility, the department shall take no
37 further action.

38 b. If the information discovered results in the
39 department finding a discrepancy or change in a
40 recipient's circumstances that may affect eligibility,
41 the department shall promptly redetermine eligibility
42 after receiving such information.

43 c. (1) If the information discovered results in
44 the department finding a discrepancy or change in an
45 applicant's or recipient's circumstances that may
46 affect eligibility, the applicant or recipient shall
47 be given an opportunity to explain the discrepancy.
48 However, a self-declaration by an applicant or
49 recipient shall not be accepted as verification
50 of categorical and financial eligibility during

1 eligibility evaluations, reviews, and redeterminations.

2 (2) The department shall provide written notice to
3 the applicant or recipient, which shall describe in
4 sufficient detail the circumstances of the discrepancy
5 or change, the manner in which the applicant or
6 recipient may respond, and the consequences of failing
7 to take action. The applicant or recipient shall have
8 ten business days, or the minimum period otherwise
9 required by state or federal law, to respond to an
10 attempt to resolve the discrepancy or change. The
11 explanation provided by the recipient or applicant
12 shall be provided in writing. After receiving the
13 explanation from the recipient or applicant, the
14 department may request additional documentation if
15 the department determines there is a risk of fraud,
16 misrepresentation, or inadequate documentation.

17 d. If the applicant or recipient does not respond
18 to the notice, the department shall deny or discontinue
19 assistance for failure to cooperate, in which case the
20 department shall provide notice of intent to deny or
21 discontinue assistance to the applicant or recipient.
22 Eligibility for assistance shall not be established or
23 reestablished until the discrepancy or change has been
24 resolved.

25 e. If an applicant or recipient responds to the
26 notice and disagrees with the findings of the match
27 between the applicant's or recipient's identity
28 information and one or more databases or information
29 tools utilized under this division of this Act, the
30 department shall reinvestigate the matter. If the
31 department finds that there has been an error, the
32 department shall take immediate action to correct
33 the error and no further action shall be taken. If,
34 after the reinvestigation, the department determines
35 that there has not been an error, the department shall
36 determine the effect on the applicant's or recipient's
37 case and take appropriate action. Written notice of
38 the respective department action shall be provided to
39 the applicant or recipient.

40 f. If the applicant or recipient agrees with
41 the findings of the match between the applicant's
42 or recipient's identity information and one or more
43 databases or information tools utilized under this
44 division of this Act, the department shall determine
45 the effect on the applicant's or recipient's case
46 and take appropriate action. Written notice of the
47 department's action shall be provided to the applicant
48 or recipient. The department shall not discontinue
49 assistance upon finding a discrepancy or change
50 in circumstances between an individual's identity

1 information and one or more databases or information
2 tools utilized under this division of this Act until
3 the applicant or recipient has been provided notice
4 of the discrepancy or change and the opportunity to
5 respond as required under this division of this Act.

6 11. a. Under the system implemented pursuant to
7 this division of this Act, after reviewing changes or
8 discrepancies that may affect program eligibility, the
9 department shall refer suspected cases of fraud to the
10 department of inspections and appeals, the office of
11 the attorney general, or other entity responsible for
12 prosecuting eligibility fraud relating to the programs
13 under the purview of the department for investigation
14 and possible criminal prosecution, recovery of improper
15 payments, and collection of civil penalties.

16 b. After reviewing changes and discrepancies that
17 may affect program eligibility, the department shall
18 refer suspected cases of identity fraud to the office
19 of the attorney general or other entity responsible for
20 prosecuting identity theft for criminal prosecution.

21 c. In cases of fraud substantiated by the
22 department, upon conviction, the state shall review all
23 legal options to remove the recipient from other public
24 programs and garnish wages or state income tax refunds
25 until the state recovers an equal amount of benefits
26 fraudulently received.

27 d. After reviewing changes or discrepancies that
28 may affect program eligibility, the department shall
29 refer suspected cases of fraud, misrepresentation, or
30 inadequate documentation to appropriate entities for
31 review of eligibility discrepancies in other public
32 programs. Such referral includes cases in which an
33 individual is determined to be ineligible for the
34 original program.

35 Sec. _____. REPORTING. Beginning July 1, 2016, and
36 quarterly thereafter, the department shall provide a
37 written report to the governor, the general assembly,
38 and the department of management detailing the
39 effectiveness and general findings of the eligibility
40 verification system implemented pursuant to this
41 division of this Act, including the number of cases
42 reviewed, the number of case closures, the number
43 of referrals for criminal prosecution, recovery of
44 improper payment, collection of civil penalties,
45 the outcomes of cases referred to the department of
46 inspections and appeals, the office of the attorney
47 general, or other entity responsible for prosecuting
48 eligibility or identity fraud under this division
49 of this Act, and the savings that have resulted from
50 implementation of the system.

1 Sec. _____. TRANSPARENCY IN THE MEDICAID
2 PROGRAM. The department shall electronically release
3 to the public data that includes but is not limited to
4 all of the following for each Medicaid provider:
5 1. The provider's name and office location.
6 2. The provider's national provider identifier.
7 3. The type of service provided, identified by
8 healthcare common procedure coding system code.
9 4. Whether the service was performed in a facility
10 or office setting.
11 5. The number of services provided, average
12 submitted charges, average allowed amount, average
13 Medicaid payment, and a count of unique Medicaid
14 beneficiaries treated.
15 Sec. _____. ADOPTION OF RULES. The department shall
16 adopt rules pursuant to chapter 17A to administer this
17 division of this Act.
18 Sec. _____. IMPLEMENTATION. This division of this
19 Act shall be implemented beginning January 1, 2016.>
20 2. By renumbering as necessary.

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